

HISTORY OF NORTH CAROLINA MEDICAID PROGRAM STATE FISCAL YEARS 1970 TO 2007

Origin and Purpose of the Medicaid Program

Title XIX of the Social Security Act is a federal and state entitlement program that pays for medical assistance for certain individuals and families with low incomes and resources. This program, known as Medicaid, became law in 1965 as a cooperative venture jointly funded by the federal and state governments (including the District of Columbia and the Territories) to assist states in furnishing medical assistance to eligible needy persons. Medicaid is the largest source of funding for medical and health-related services for America's poorest people. Within broad national guidelines established by federal statutes, regulations, and policies, each state (1) establishes its own eligibility standards; (2) determines the type, amount, duration, and scope of services; (3) sets the rate of payment for services; and (4) administers its own program. Medicaid policies for eligibility, services, and payment are complex and vary considerably, even among states of similar size or geographic proximity. Thus, a person who is eligible for Medicaid in one state may not be eligible in another state, and the services provided by one state may differ considerably in amount, duration or scope from services provided in a similar or neighboring state. In addition, Medicaid eligibility and services within a state can change during the year.

North Carolina Medicaid Program

The State of North Carolina submitted its Medicaid State Plan to the Health Care Financing Administration in 1969 and received approval that year. North Carolina General Statutes, Chapter 108A is the law that implemented Title XIX in North Carolina, thus beginning the NC Medicaid Program, on January 1, 1970 under the direction of the North Carolina Division of Social Services. G.S. 108A defined certain technical aspects of the North Carolina Medicaid Program not spelled out in Federal law. North Carolina Administrative Code, Title 10, Chapter 50 and Chapter 26, provided further definition of North Carolina Medicaid policy not addressed in Federal law and regulation nor State law. Each year new legislation that is passed by the North Carolina General Assembly establishes changes to the program and its policies such as eligibility and benefit coverage expansions and contractions, management and administrative mandates, special funding, etc.

In 1978, the NC Medicaid Program was moved to the newly-created Division of Medical Assistance (DMA), a separate division within the Department of Human Resources, which has since been renamed the Department of Health and Human Services. From 1978 to 2007, the annual number of people eligible for Medicaid has increased from 456,000 to 1,681,028 and Medicaid expenditures have grown from approximately \$307 million to \$9 billion. The number of average monthly eligibles has increased from approximately 800,000 during SFY 1997 to 1,213,121 during SFY 2007.